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DIRECTORATE OF  
INTELLIGENCE

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DIA review(s) completed.

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South Vietnam: Heavy fighting erupted in several areas of Quang Tri Province on 15-16 August.

A two-phase battle near the allied base at Gio Linh was launched with heavy enemy artillery attacks and continued with a massive South Vietnamese Army infantry counterattack. The South Vietnamese 1st Division killed some 165 enemy troops believed to be from the North Vietnamese 138th Regiment. The Communist unit has been preparing for an attack in this area for several weeks. A large number of abandoned enemy weapons adds to other evidence that Communist forces in this area are suffering from poor quality replacements and low morale.

In the central Demilitarized Zone area, US Marines killed some 41 enemy troops north of Camp Carroll in positions believed to be occupied by elements of the North Vietnamese 320th Division.

In what may have been a test of allied defenses of Quang Tri city, Communist units attacked US 1st Cavalry Division forces some ten miles south-southeast of the city. Eighteen Americans and 17 Communists were killed. As many as seven North Vietnamese battalions reportedly have been preparing for an assault against Quang Tri city around 19-20 August.

Elsewhere in the country, enemy-initiated activity was light except for widespread rocket and mortar attacks against allied positions in the provinces around Saigon.

25X1 [ ] continue to forecast large-scale Communist offensive activity in the near future, however. [ ] plans for a heavy assault on a district town southwest of Saigon sometime after 17 August. In eastern ]

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[Quang Nam Province, Communist plans reportedly include a series of limited actions against Da Nang and Hoi An cities in preparation for larger attacks during the rainy season which begins in September.

\* \* \* \*

A new political program for the "Vietnam Alliance of National, Democratic, and Peace Forces" discloses almost nothing new about Communist tactics for using the new front organization. It sets forth objectives virtually identical to those of the National Liberation Front, including an extremely tough line on the need to eliminate the present South Vietnamese Government. The program says the Alliance is ready to negotiate with the United States but it offers no compromises in basic Communist demands for a settlement.

[ (Map) ]

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Czechoslovakia-USSR: Czechoslovak party leader Dubcek has again warned of the dangers of irresponsible freedom of expression.

During a factory tour with visiting Rumanian party chief Ceaurescu; Dubcek yesterday cautioned that order was necessary to give the country "freedom of action in our democratization progress."

Dubcek is concerned by the continued appearance in the Czechoslovak press of articles critical of the USSR. On 9 August the liberal Czechoslovak journal, Literarni Listy--less than 24 hours after Dubcek had cautioned self-restraint to the press--criticized the Soviets for their "psychological warfare" during the Czechoslovak-Soviet confrontation.

The Soviet Literary Gazette responded to the "provocative" Literarni Listy article in terms which suggest that Moscow considers the Czechoslovak press out of line with agreements made at Bratislava.

On 16 August Pravda reminded Prague of the foreign and domestic policy implications of the Bratislava agreement. It zeroed in on the outspoken Czechoslovak press and named the offending papers.

Thus far, however, the Soviet press has refrained from directly criticizing the Prague leadership--as it did in July--for failure to control the Czechoslovak press.

Dubcek is scheduled to meet with leading Prague editors today to explain the regime's concept of "freedom of the press." In the process, he will probably reiterate in stronger terms his two previously unheeded warnings to the writers to refrain from vindictive attacks on the Soviet Union. [REDACTED]

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Poland: Developments in Czechoslovakia are beginning to have an impact on the factional struggle in Poland.

Reform-minded provincial party leader Edward Gierek called for freedom to criticize without fear of reprisals, in a wide-ranging speech delivered on 15 August to some 2,500 party activists in Silesia. According to a Polish press service summary of the speech, Gierek rejected the view that such criticism strikes at the party itself and at its leadership. This statement is aimed directly at party boss Gomulka, who has used this argument in his attempts to impose orthodoxy on the rank and file.

Gierek's call echoes a major provision in the recently published draft of the Czechoslovak party's statutes that would ensure the right of party members to criticize policy and party functionaries without regard for their position. Gomulka's refusal to permit such criticism in Poland has been a major grievance of the Polish party's younger elements, many of whom look to Gierek for leadership.

Gierek, leader of Poland's key industrial province, is a major contender for power in the intra-party struggle which surfaced during the student disturbances last March. Like the hard-line, nationalistic, and anti-Semitic party secretary Moczar, Gierek is seeking to exploit the dissatisfaction of ambitious young party activists with the stagnant policies of Gomulka's old guard.

Both Moczar and Gierek champion change, but they remain rivals in the factional contest. Gierek's rejection of Moczar's reliance on chauvinism and coercion is clear from his statement that in seeking new approaches to old problems his party organization relies on "human consciousness" instead of "administrative"--or police--methods.

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Until now, Gierek has helped Gomulka in his efforts to thwart Moczar's ambitions, but his current speech projects a more independent image.

Gierek spoke to one of a series of local party meetings that will be held throughout the country prior to the party congress scheduled for 11 November. Until then, the factional contest will center on the selection of delegates to the conclave.

So far, Moscow's support has been clearly on the side of Gomulka and the status quo. There is no evidence that he has sought Soviet political or military help to buttress his domestic position. Nevertheless, he may welcome, with mixed feelings, the current presence in Poland of additional Soviet troops, which improves internal security and reduces the maneuverability of his challengers.

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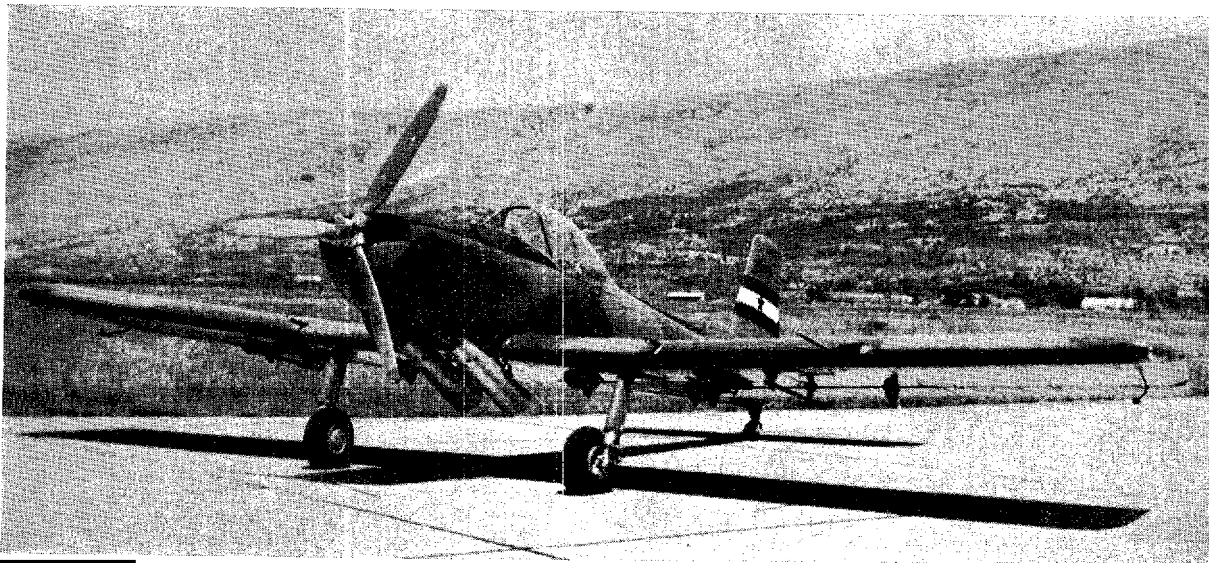
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### New Yugoslav Military Aircraft



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The most recent addition to the Yugoslav Air Force is the Kragui light attack aircraft which was designed and built in Yugoslavia. The piston engine Kragui is armed with two machine guns and can carry bombs or rockets.

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Yugoslavia: The Yugoslavs are introducing into their air force a propeller-driven light attack plane.

25X1 The aircraft, which was domestically designed and produced, has been named Kragui (Sparrow Hawk). [redacted] recently sighted 11 of these planes at an airfield near Zagreb.

During the past two years, the Yugoslavs have praised the Kragui as an ideal aircraft for providing close ground support, particularly in counterinsurgency operations. The commander of the Yugoslav Air Force claims that the high-speed jet fighters are unsuitable in this role because of their high costs, complexity, and more limited maneuverability.

25X1 There is no indication that Yugoslavia is deprecating the use of jet aircraft for most combat missions. The country now has in its inventory 50 Soviet-built MIG-21s and about 175 US-built F-84s and F-86s. [redacted] (Photo)

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Algeria: The government is soliciting Communist and Arab states backing in an effort to block the imminent airline pilots' boycott of Algeria.

The International Federation of Airline Pilots' Associations on 13 August announced a boycott of Algeria by international airline members because of Algeria's reluctance to release the hijacked Israeli airliner held since 23 July. The Algerian Government on 15 August sent messages to other Arab governments, the "socialist countries of Europe and Asia," and the "countries of the third world and the secretary general of the Organization of African Unity." The messages sharply attacked the airline pilots' association for political pressure and for "racist" measures.

Algeria claimed an earlier solution had been anticipated when the association intervened. In fact, negotiations undertaken with the good offices of the Italian Government were broken off when Israel considered the Algerian proposals unreasonable.

An Algerian official claims the threatened boycott has eased Algeria's feeling of being isolated. He says Algeria can now demand that "brother Arabs" institute a counter boycott.

The airline boycott, scheduled to take effect at midnight on 18 August, could further disrupt the deteriorating relations between Algeria and France. The vast majority of flights into Algeria are piloted by members of the French airline pilots' organization that endorsed the boycott, and the French ambassador in Algiers has urgently requested his government to intervene with the airline pilots to call off the boycott.

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South Africa: Prime Minister Vorster has swept several ultraracists from the cabinet and used the security branch to purge some extreme rightist dissidents from the ruling National Party.

These actions represent more a belated move firmly to establish his two-year-old leadership than any shift in the government's racial policy. The only policy implication of the moves is the likelihood that South Africa will now increase its recent efforts to establish correct relations with black African states and to defend firm white control in the country more subtly.

Vorster still faces some important tests from his badly stung extremist opposition, but he appears to be willing and able to root out any serious dissension. Moreover, Vorster's Afrikaner and the relatively more liberal English-speaking communities, which have always agreed on maintaining white control, may be drawn even closer together by the government's recent moves.

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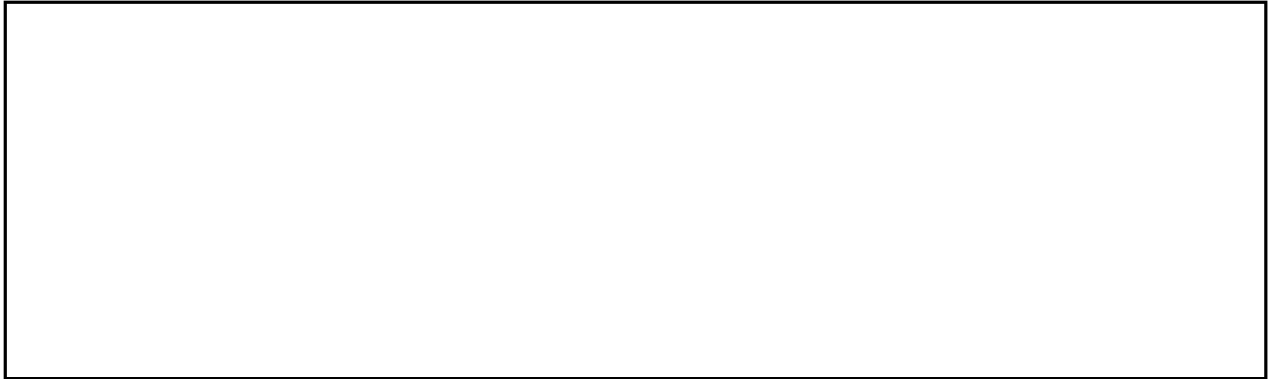
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[Uruguay: Student violence erupted in Montevideo late on 15 August after the funeral of a student who was shot by police during earlier rioting. About 45,000 people participated in the peaceful funeral procession and 2,000 to 5,000 in the three hours of looting, burning, and window breaking that followed. The large turnout for the funeral satisfied the goals of the Communist Party, and the Communist-dominated student federation tried to prevent the violence. More disorders are anticipated, but President Pacheco is determined to continue with his tough policies and will turn to unconstitutional means if necessary. [REDACTED]

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Brazil: The cost of living in Brazil rose by almost 16 percent during the first seven months of 1968, or nearly as much as the Costa e Silva administration's goal of about 20 percent for the full year. If the trend continues, the increase will be greater this year than last, when the administration succeeded in holding the rise in consumer prices to 24 percent. [REDACTED]

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Malaysia: The 11 Chinese who had been sentenced to hang on 16 August for collaboration with Indonesia during the confrontation have received a last-minute reprieve. If the reprieve is followed by clemency, the Chinese community may be appeased. The government's about-face, however, will engender bitterness among young Malays, who see Prime Minister Rahman as knuckling under to Chinese demonstrations. [REDACTED]

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